

**CITY OF HAYWARD  
PEDESTRIAN AND BICYCLE PROGRAM  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
JUNE 30, 2014 AND 2013**

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**CITY OF HAYWARD  
BICYCLE AND PEDESTRIAN PROGRAM  
A COMPONENT OF THE CITY OF HAYWARD, CALIFORNIA  
For The Years Ended June 30, 2014 and 2013**

**Pedestrian and Bicycle Program  
(A Component of the City of Hayward, California)**

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the City Council,  
of the City of Hayward  
Hayward, California

### *Report on Financial Statements*

We have audited the accompanying financial statements of the City of Hayward Pedestrian and Bicycle Program (the Program) as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements as listed in the Table of Contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Program's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

As discussed in Note 1 to the financial statements, the financial statements referred to above present only the Program and are not intended to present fairly the financial position results of total operations of the City in conformity with generally accepted accounting principles in the United States of America.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial positions of the Program as of June 30, 2014 and 2013, and the respective changes in financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matters***

Management adopted the provisions of the following Governmental Accounting Standards Board Statements, which became effective during the year ended June 30, 2014 that affected the format and nomenclature of the financial statements:

*Statements 65 – Items Previously Reported as Assets and Liabilities.*

The emphasis of this matter does not constitute a modification to our opinions.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2014 on our consideration of the Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Maze & Associates*

Pleasant Hill, California  
December 11, 2014

**City of Hayward**  
**Bicycle and Pedestrian Program**  
**(A Component of the City of Hayward, California)**

**BALANCE SHEETS, JUNE 30, 2014 AND 2013**

	<b>Allocation Instruction #</b>	<b>Totals</b>	
	<b>13001071</b>	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>			
Due from Metropolitan Transportation Commission (Note 3)			\$12,314
<b>LIABILITIES</b>			
Due to City of Hayward			\$12,314

See accompanying notes to financial statements

**City of Hayward**  
**Bicycle and Pedestrian Program**  
**(A Component of the City of Hayward, California)**

**STATEMENTS OF REVENUES AND EXPENDITURES -**  
**FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

	Allocation Instruction # 13001071	Totals	
		2014	2013
<b>REVENUES:</b>			
T.D.A. Article 3.0 (Note 3)	\$99,599	\$99,599	\$100,718
<b>EXPENDITURES:</b>			
Wheelchair Ramps (Note 3)	99,599	99,599	100,718
Total Expenditures	99,599	99,599	100,718
Excess of Revenues Over Expenditures			

See accompanying notes to financial statements



**CITY OF HAYWARD**  
**BICYCLE AND PEDESTRIAN PROGRAM**  
**A COMPONENT OF THE CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

**NOTE 1 - DESCRIPTION OF REPORTING ENTITY**

The City of Hayward, California (the City) Pedestrian and Bicycle Program (the Program) includes the financial activities associated with the projects funded by the State of California Transportation Development Act (TDA). The State of California created a local transportation fund for each County funded by one-quarter of a cent of the 7% state sales tax. Article 3 of the TDA permits local agencies to spend a portion of that money (not to exceed 2%) on facilities provided for the exclusive use of pedestrians and bicycles.

The projects are distributed through the Metropolitan Transportation Commission (MTC), which is the agency responsible for allocation of funds to eligible claimants within the greater San Francisco Bay Area. Eligibility is contingent upon the cities having adopted a comprehensive bicycle master plan. The City of Hayward adopted a comprehensive master plan in April 1994 (Resolution 94-076). The City Council approved an update to the bicycle master plan in November 2007 (Resolution 07-160).

The Program is for the construction of wheelchair ramps, bicycle trails, and pedestrian crosswalk push buttons in various locations throughout the City. Individual project funds are generally expended over a two or three year period.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***A. Fund Accounting***

The Program is part of the City and is included in the special revenue funds of the basic financial statements of the City. A fund is a set of self-balancing accounts, which comprise its assets, liabilities, fund equity, revenues, and expenditures.

***B. Basis of Accounting***

Basis of accounting refers to when revenues and expenditures are recognized. The Program's are accounted for in a governmental fund type and the modified accrual basis of accounting is used. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets. TDA Article 3.0 revenues are recognized when qualifying project expenditures are incurred. Expenditures are generally recognized when they are incurred.

**CITY OF HAYWARD**  
**BICYCLE AND PEDESTRIAN PROGRAM**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Fund Balances**

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's current assets and deferred outflows of resources, less its liabilities and deferred inflows of resources. The Program's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions, which requires the City to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

*Nonspendables* represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for redevelopment are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

*Restricted* fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

**NOTE 3 - TDA ARTICLE REVENUE/EXPENSE**

During the year ended June 30, 2014, the City received allocation instructions from the Metropolitan Transportation Commission for the following project

Project Name	Allocation Instruction #	Grant	Fiscal Year 2013-14 Expenditures	Revenue in Fiscal Year 2013-14	Due from MTC at June 30, 2014
Wheelchair ramps	13001071	\$112,935	\$99,599	\$99,599	
Wheelchair ramps	14001068	122,497			
Total		<u>\$235,432</u>	<u>\$99,599</u>	<u>\$99,599</u>	

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE  
WITH THE TRANSPORTATION DEVELOPMENT ACT AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Mayor and Members of the City Council  
of the City of Hayward, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the City of Hayward Pedestrian and Bicycle Program (the Program), as of and for the year ended June 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated December 11, 2014. Our report included an emphasis of a matter paragraph disclosing the implementation of new accounting principles.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Program's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Program's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Program's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Program's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our procedures included the applicable audit procedures contained in §6666 of Title 21 of California Code of Regulations and tests of compliance with the applicable provisions of the Transportation Development Act and the allocation instructions and resolutions of the Metropolitan Transportation Commission. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported *under Government Auditing Standards*.

We also issue a separate Memorandum on Internal Control, which is an integral part of our audits and should be read in conjunction with this report.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Program's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Program's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Maze & Associates". The signature is written in a cursive, flowing style.

Pleasant Hill, California  
December 11, 2014